

The PRESIDING OFFICER (Mr. WHITEHOUSE). Without objection, it is so ordered.

AMERICAN HOUSING RESCUE AND FORECLOSURE PREVENTION ACT OF 2008

Mr. ISAKSON. Mr. President, I rise for a moment to talk about the pending housing stimulus bill which we will vote on tomorrow and then, hopefully, it will quickly be delivered to the House where any differences we have can be worked out and agreed to. I come to talk about this issue because America faces a pending financial crisis that is founded in the housing market, with the troubled mortgages in the financial services sector, so much trouble that the current economic decline we have experienced and the current difficulties the stock market is experiencing are, in large measure, tied to the state of housing.

I commend Senators SHELBY and DODD. I actually thank the distinguished Senator from New York for the help he gave me on the tax credit on this bill.

This bill is not perfect, but it certainly improves tremendously the climate in the United States for housing. For a second I want to try and impress upon my colleagues how important this issue is and dispel some of the myths that have been put out there about this issue. First, unless we pass GSE reform, which means Fannie Mae and Freddie Mac, there is going to be little, if any, liquidity in the conventional mortgage market. This legislation is a good reform piece for Fannie and Freddie. It also provides provisions that will allow for forward commitments so that mortgage companies can make mortgages and fund them through Fannie and Freddie and get housing moving in the marketplace.

Second, it changes the loan limits on conventional and conventional jumbo loans to levels that are reflective of the values of housing.

Third, it provides for a housing tax credit, something I was proud to be a part of. I proved in 1974, the last time we had a crisis like this, that it is the one single thing we can do as a catalytic agent to drive buyers back to the housing market. So the solution is not a bailout but a stimulus to get buyers in there buying the inventory that was built over the last 12 months.

Fourth, there is a significant reform of FHA. Within that provision there is the creation of moneys for the refinancing of troubled subprime loans. There has been a lot of misinformation in the news media and misinformation in speeches on this floor, frankly, on whether this is a bailout or whether it is a good thing to do.

For a second I want to explain why it is absolutely not a bailout and why it is absolutely the right thing to do. Any loan that is refinanced, any subprime loan in trouble that is refinanced has to meet the following qualification: Its

equity has to be negative, meaning the house is worth less than what is owed against it; No. 2, the lender who holds the loan against that house has to agree to take the discount or take the hit on whatever the differential is in that negative value; No. 3, FHA will underwrite the new loan to refinance out the discounted balance of the loan to the lender, provided the individual is somebody who can qualify to amortize the loan. It forces the lender to take the hit which they are going to take eventually in a foreclosure, and it prevents the foreclosure. For the person in trouble, it gives them a chance to pay back over time and get their credit established and improve themselves and build equity in the house.

Most importantly, it benefits the next-door neighbor. I have heard so many people say we should not be helping somebody in trouble on a subprime loan. What do we say to the people who are making their payments and are not in trouble? The answer is, in most neighborhoods today where there is a foreclosure, values are going down, not up. You have John Q. Public who has made the monthly payments, has good credit. The house next door to him is foreclosed on. The grass grows. The lender sells at a deep discount. What happens, his equity is gone or is greatly reduced.

The combination of the housing stimulus in terms of the tax credit, combined with the ability to refinance out of the difficult subprime loan and the requirement that the lender take the deep discount they are going to ultimately have to recognize anyway, is a formula for rebuilding the housing market.

I know everybody here has a difficulty. There was one amendment—we will not be allowed any amendments—that I was very interested in offering in terms of the tax package. But I know the tree is filled up. There will be a managers' amendment. We will not be able to get to it. But you don't get everything you want in the Senate.

One thing we have to do is to improve the plight of the American people economically. There are two things overriding the average American and two things only: One is what they are paying at the pump for gasoline and, secondly, is the declining value of equity in their house. With passage of this bill, we can show hope for the housing market. We may stimulate the buying public to come back and solve it with good marketplace-based solutions rather than subsidies or a bailout and, most importantly, return to a more healthy mortgage market and a more disciplined mortgage market and a better underwritten mortgage market. Then secondly and most importantly, we can change attitudes. The attitudes of the buying public are pretty negative right now because the lenders can't make a loan. House values are going down. They want to buy, but they want to buy at the bottom. We have to send a signal that the lenders

are back in business making loans. Freddie Mac and Fannie Mae are back in business in terms of securitizing mortgage money and putting liquidity into the market, and values are stabilizing. So for whatever differences some Members have over the bill they would like to have versus the bill we do have, we should be reminded that every day we wait is a protraction of the current economic difficulty in the housing market. We cannot afford to leave this week without agreeing to the motion tomorrow and sending it to the House so the House, when they come back next week, can pass the legislation and the President can sign it and, by the middle to the end of July, the mortgage market, the housing market, and the buying public's attitude will be turned around. By doing that, we can hopefully have a light at the end of the tunnel that is not a locomotive but, rather, is a prosperous, healthy housing market and a disciplined, well capitalized, and liquid mortgage market.

It is critical that we pass this legislation. I urge my fellow Senators to come to the floor, vote for the motion, and then let us get it to the House and encourage House Members to do precisely the same thing. It is getting too late. If we wait too long, it won't matter what we do.

I yield the floor.

Mr. BURR. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. REID. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Ms. CANTWELL). Without objection, it is so ordered.

MORNING BUSINESS

Mr. REID. Madam President, I ask unanimous consent that the Senate proceed to a period for the transaction of morning business, with Senators allowed to speak therein for up to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

CHANGES TO S. CON. RES. 70

Mr. CONRAD. Madam President, section 221(f) of S. Con. Res. 70, the 2009 budget resolution, permits the chairman of the Senate Budget Committee to revise the allocations, aggregates, and other appropriate levels in the resolution for legislation providing economic relief for American families, including reauthorizing the Temporary Assistance for Needy Families program. In addition, section 227 authorizes the chairman of the Senate Budget Committee to revise the allocations, aggregates, and other appropriate levels in the resolution for legislation making improvements in health care, including within Medicare (subsection